

Message Text

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51

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

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P R 141503Z MAR 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 4160

INFO USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

USMISSION GENEVA

AMEMBASSY HELSINKI

AMEMBASSY OSLO

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E.O. 11652: N/A

TAGS: GATT, ETRD, EEC, EFTA, SW

SUBJECT: SWEDEN PROPOSES TO EUROPEAN COMMUNITY (EC) SIMPLIFICATION AND IMPROVEMENT OF RULES OF ORIGIN (R/O) REQUIREMENTS

REF: STOCKHOLM 0536

1. BEGIN UNCLASSIFIED. MFA/COMMERCE OFFICIAL (N.B. LEUF) PROVIDED EMBASSY WITH TEXT OF ANNOUNCEMENT TO BE RELEASED IN STOCKHOLM ON MARCH 14, WHICH STATES IN SUBSTANCE THE FOLLOWING: (A) SWEDISH AMBASSADOR TO EC, ERIK VON SYDOW, PRESENTED TODAY TO EUROPEAN COMMISSION A NUMBER OF PROPOSALS FOR SIMPLIFICATION AND IMPROVEMENT OF R/O RULES APPLYING TO TRADE WITH WESTERN EUROPE; (B) SIMILAR PROPOSALS WILL BE PRESENTED ALSO BY OTHER EFTA COUNTRIES; (C) TWO YEARS OF EXPERIENCE WITH R/O RULES HAS SHOWN IT HAS FUNCTIONED WELL

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BUT THEY HAVE LED TO CERTAIN ADMINISTRATIVE PROBLEMS;

(D) SOME SIMPLIFICATIONS HAVE ALREADY TAKEN PLACE BUT IT IS GENERAL FEELING OF EXPORTERS AND GOVERNMENTAL AUTHORITIES IN EFTA COUNTRIES THAT FURTHER IMPROVEMENTS ARE POSSIBLE; (E) PROPOSALS NOW BEING PRESENTED IMPLY ON THE WHOLE AMENDMENTS WITHIN THE FRAMEWORK OF PRESENT R/O SYSTEM; THEY APPLY TO SPECIFIC PRODUCTS OR GROUP OF PRODUCTS, I.E. WITHIN THE SECTOR OF MACHINERY AND APPARATUS; (F) SOME PROPOSALS WILL BE MORE GENERAL, I.E. CALLING FOR GREATER USE OF PERCENTAGE RULES OF KIND FORMERLY APPLIED WITHIN EFTA; (G) MORE LIBERAL RULES ON CUMULATION SHOULD BE INTRODUCED WHERE SOME OF PROCESSING IS IN COUNTRIES OTHER THAN THE EXPORTING COUNTRY; (H) PROCEDURES FOR DECLARATION OF ORIGIN SHOULD BE SIMPLIFIED; AND (I) THESE PROPOSALS SHOULD BE CONSIDERED AS A BASIS FOR REVIEW OF R/O RULES AND, IN THIS CONNECTION, PROPOSALS MADE BY EC MEMBER COUNTRIES SHOULD BE TAKEN INTO CONSIDERATION. END UNCLASSIFIED.

2. BEGIN LOU. ACCORDING TO LEUF, PROPOSAL FOR CHANGES IN R/O RULES WILL BE TAKEN UP WITH EC IN EARLY JUNE. IN MEANTIME, EFTA REPRESENTATIVES ON CUSTOMS REQUIREMENTS WILL MEET IN GENEVA BEGINNING MARCH 17 TO DISCUSS ELIMINATION OF "DRAW-BACK" PROVISIONS WITHIN FREE TRADE AREA AND IN LATE MAY, THERE WILL BE MEETING OF EFTA R/O REPRESENTATIVES TO COORDINATE VIEWS FOR MEETING WITH EC. WITHIN SWEDEN, BOARD OF TRADE IS MAKING SPOT CHECKS OF CERTAIN COMPANIES WHICH MAY HAVE BEEN INCLUDED AMONG SPECIFIC CASES OF R/O DIFFICULTIES MENTIONED DURING RECENT U.S./EFTA CONSULTATION.

3. LEUF HAS INDICATED THAT SPECIFIC SWEDISH PROPOSALS WILL INCLUDE LIBERALIZATION OF RULES FOR RADIO MANUFACTURE AND TEXTILES. HE HAS AGREED TO PROVIDE EMBASSY WITH FURTHER DETAILS OF PROPOSAL IN NEAR FUTURE.

4. CONCERNING FURTHER CONSULTATIONS WITH U.S. ON R/O RULES, WHICH HE THOUGHT MAY BE IN MAY, HE VENTURED THAT IT WOULD BE DIFFICULT TO NARROW DIFFERENCES IN VIEWS ON THE BASIS OF "PRINCIPLE" BUT THAT THROUGH SPECIFIC ACTIONS FOR LIBERALIZATION IN THE NEXT TWO YEARS THE PROBLEM COULD BE MINIMIZED. HE WAS REMINDED, HOWEVER, THAT THE PREFERENTIAL TREATMENT ACCORDED PRODUCTS MOVING WITHIN THE FREE TRADE AREA LIMITED OFFICIAL USE

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WILL MEAN THAT COUNTRIES SUCH AS THE U.S., WHICH ARE OUTSIDE OF THE AREA WILL HAVE EVEN GREATER DIFFICULTY SELLING IN THE FREE TRADE AREA BECAUSE OF THE WIDENING OF THE DIFFERENTIAL IN TARIFF RATES. LEUF COUNTERED THAT INCREASED TRADE AND ECONOMIC ACTIVITIES WITHIN FREE TRADE AREA SHOULD MAKE THE AREA A BETTER MARKET FOR PRODUCTS OF U.S. END LOU.
STRAUSZ-HUPE

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